

Message Text

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ACTION ARA-15

INFO OCT-01 ADS-00 AGRE-00 CIAE-00 DODE-00 NSAE-00
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C O N F I D E N T I A L MEXICO 11957

E.O. 12065: GDS 07/16/85 (ROGERS, S.H.) OR-E
TAGS: PGOV, EGEN, MX
SUBJECT: ROLE OF FOREIGN RELATIONS SECRETARIAT IN ECONOMIC
RELATIONS

1. (C - ENTIRE TEXT)

2. SUMMARY. BILATERAL ECONOMIC TALKS LAST WEEK,
PRINCIPALLY ON NATURAL GAS AND WINTER VEGETABLES TRADE,
SHOWED EMERGENCE OF NEW ROLE FOR SECRETARIAT OF FOREIGN
RELATIONS (SFR). ROLE IS TO ADD COORDINATING AND
STRATEGY ELEMENT TO POLICIES DEVELOPED IN SECRETARIATS
WITH PRIMARY RESPONSIBILITIES, AND AT LEAST SUGGESTS
THAT SFR WILL TRY TO LINK VARIOUS ISSUES MORE EXPLICITLY
THAN IN THE PAST, IN THIS CASE ADJUSTING POSITION ON
GAS PRICE ACCORDING TO THE OUTCOME OF THE TOMATO ANTI-
DUMPING ACTION. WHETHER SFR WILL SUCCEED IN THIS ROLE
OVER LIKELY DIVERGING INTERESTS OF OTHER SECRETARIATS
REMAINS TO BE SEEN. HOWEVER, THE INSTALLATION OF A NEW,
STRONGER ECONOMIC TEAM IN SFR, COUPLED WITH THE EVIDENT
STRENGTHS OF THE NEW FOREIGN SECRETARY, SUGGESTS IT MAY
DO SO. END SUMMARY.

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3. THE NEW ECONOMIC TEAM UNDER SECRETARY CASTANEDA, NOW
TWO MONTHS IN OFFICE, IS HEADED BY AMBASSADOR JORGE
EDUARDO NAVARRETE, SUB-SECRETARY, AND AMBASSADOR EUGENIO
ANGUINAO, DIRECTOR-IN-CHIEF FOR ECONOMIC AFFAIRS. BOTH
ARE FORMER MEXICAN AMBASSADORS ABROAD, TO BELGRADE AND
PEKING, RESPECTIVELY. (ANGUINAO, AN ECONOMIST, SPENT

LAST YEAR AT HARVARD CENTER FOR INTERNATIONAL AFFAIRS AND IS NOW FINISHING MASTER'S PAPER ON U.S. ENERGY POLICY.) NEXT LEVEL IS NOT YET ENTIRELY INSTALLED, BUT WILL INCLUDE DIRECTORS GENERAL FOR BILATERAL AFFAIRS, MULTILATERAL AFFAIRS AND TECHNICAL COOPERATION. IN ADDITION, AMBASSADOR ANDRES ROZENTAL, IN THE NEW POSITION OF DIRECTOR-GENERAL FOR NORTH AMERICAN AFFAIRS, PLANS TO NAME A DIRECTOR FOR U.S.-MEXICAN ECONOMIC AFFAIRS TO SUPPORT THE WORK OF THE ECONOMIC SIDE OF SFR.

4. ANGUIANO AND ROZENTAL HAVE CONFIRMED OUR OBSERVATION THAT SFR IS TAKING A MUCH MORE ACTIVE ROLE IN COORDINATING ECONOMIC POLICIES TOWARD THE U.S. WE UNDERSTAND NAVARRETE TOOK AN UNUSUAL POSITION OF LEADERSHIP OVER SUB-SECRETARY HERNANDEZ OF THE COMMERCE SECRETARIAT IN THE TOMATO TALKS IN WASHINGTON AT THE BEGINNING OF LAST WEEK, AND THAT POSITION WAS REFLECTED ALSO IN HIS FURTHER DISCUSSIONS WITH ASSISTANT SECRETARY KATZ HERE LATER IN THE WEEK. WE KNOW THAT NAVARRETE AND HERNANDEZ MET BETWEEN THE MORNING AND LATE AFTERNOON SESSIONS ON GAS JULY 12. EARLY IN THE AFTERNOON SESSION ANGUIANO MADE A STATEMENT THAT THE OUTCOME ON GAS WOULD HAVE TO TAKE INTO ACCOUNT OTHER ELEMENTS OF THE RELATIONSHIP, SPECIFICALLY INCLUDING "OTHER" TRADE ISSUES, PRESUMABLY (ALTHOUGH NOT EXPLICITLY) REFERRING TO THE TALKS ON ANTI-DUMPING ACTION ON WINTER TOMATOES
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AND OTHER WINTER VEGETABLES. ROZENTAL REPEATED THIS LINKAGE AT THE END OF THE SESSION, THOUGH SO LIGHTLY THAT THE INTERPRETER LOST IT. IN HIS CONVERSATION WITH KATZ AND THE AMBASSADOR AT THE END OF KATZ' STAY HERE CASTANEDA POINTEDLY EXPRESSED HIS PLEASURE AT THE TOMATO ARRANGEMENT KATZ HAD AGREED ON TWO HOURS BEFORE WITH COMMERCE SECRETARY DE LA VEGA AND ADDED WHAT SEEMS TO BE A SIGNIFICANT NEW ELEMENT IN GAS NEGOTIATIONS.

5. SFR DOES NOT HAVE THE LEAD POLICY-MAKING POSITION ON INDIVIDUAL ECONOMIC ISSUES, AND IT WOULD BE A MISTAKE TO CONSIDER IT NECESSARILY THE PRINCIPAL NEGOTIATOR ON SUCH ISSUES. FURTHERMORE, SFR WILL PROBABLY FIND ITS COORDINATING, LINKAGE APPROACH WILL RUN INTO RESISTANCE FROM OTHER SECRETARIATS WHOSE INTERESTS ARE MORE SUBSTANTIVE AND LESS BROAD. HOWEVER, THE CONTRAST BETWEEN THE POSITION OF THE CASTANEDA SFR AND THAT OF THE ROEL SFR IS MARKED, AND WE CAN EXPECT THAT SFR WILL CONTINUE TO ASSERT ITSELF ON BILATERAL ISSUES, PROBABLY WITH INCREASING EFFECT AS THE NEW TEAM IS FILLED OUT, SETTLES IN AND GAINS CONFIDENCE IN ITS ROLE. WE DO NOT BELIEVE SFR'S NEW ROLE WILL LEAD TO ANY SOFTENING OF POSITIONS

ON THE GOM SIDE, BUT WE DO HAVE HOPES IT WILL BE USEFUL
IN GAINING BETTER INSIGHTS INTO THOSE POSITIONS AND IN
DEALING WITH A MORE CONSISTENT AND RELIABLE FOREIGN
MINISTRY.

6. IT IS OUR UNDERSTANDING THAT SECRETARY CASTANEDA WILL
NOT ATTEMPT TO NEGOTIATE ANY OF THE BILATERAL ECONOMIC
ISSUES DURING HIS VISIT TO WASHINGTON THIS WEEK, BUT
RATHER TO REVIEW THE STATE OF PROGRESS IN ANTICIPATION
OF THE PLANNED SEPTEMBER MEETING OF PRESIDENTS LOPEZ
PORTILLO AND CARTER. WHAT HE SAYS ON THESE ISSUES
SHOULD BE GIVEN PARTICULAR ATTENTION, HOWEVER, IN THE
LIGHT OF SFR'S AUGMENTED ROLE. LUCEY

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